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SUBJECT: AMBASSADOR AND MOD DISCUSS FIGHTER PROCUREMENT

REF: 09 ATHENS 1605

CLASSIFIED BY: Daniel V. Speckhard, Ambassador; REASON: 1.4(B), (D)

¶1. (C) SUMMARY. The Ambassador called Defense Minister Venizelos February 11 following press reports that the Minister indicated Greece had already decided to meet its next generation fighter needs with the Eurofighter. The Minister reassured the Ambassador that press reports were inaccurate, and that Greece's fighter procurement, which would not be decided until the end of 2010, would proceed in a transparent, open framework. The Ambassador urged the Minister to deliver on his pledge of transparency, and for the Greek decision to be based on price, value, and Greece's security needs, not politics. American firms would be strong competitors in such a framework. Venizelos agreed, but complained again about longstanding problems regarding the ASPIS II defensive systems suite on 60 Peace Xenia III F-16's, and asked for the Ambassador's help. END SUMMARY.

¶2. (U) Greek press, rampant with speculation in advance of PM Papandreou's May 9-10 trip to Paris that France and Germany would support EU assistance aimed at abating Greece's economic crisis, reported February 11 that the price of this assistance was Greek procurement of European weapons systems, such as the Eurofighter and the French-built FREMM class frigate. Building on a Venizelos statement that Greece's decision to procure its next generation fighter aircraft would be made by the end of 2010, media outlets reported that the GoG had likely decided already to go with the Eurofighter, given German pressure.

¶3. (C) During his call, Venizelos assured Ambassador Speckhard that press reports were inaccurate concerning the Eurofighter. While the Greek government is seeking to decide on which next generation fighter to purchase by December 2010, it was premature to comment on individual aircraft, he said. The Minister stated that the procurement process would be transparent and open, and that he knew of the interest of U.S. firms in competing for the tender. He stressed to the Ambassador that Greece was a strong, credible partner, and the process would be above-board.

¶4. (C) The Ambassador urged the Minister to deliver on his pledge of transparency, and for the Greek decision to be based on price, value, and Greece's security needs, not politics. U.S. firms more than hold their own in a competitive and transparent marketplace, he added, and reminded Venizelos of the additional value U.S. products represented during this time of economic difficulty in Greece.

¶5. (C) MOD Venizelos raised a longstanding concern, first broached

with the Ambassador in their initial meeting on November 4 (reftel), that none of Greece's 60 Peace Xenia III F-16's have their ASPIS II defensive system suites installed. Venizelos believes that the U.S. producer of ASPIS II, Raytheon, is at fault. He asked for the Ambassador's assistance in resolving the impasse. (ODC NOTE: Raytheon and the General Directorate for Defense Investment and Armaments (GDDIA) have been in negotiations over ASPIS II for more than one year to resolve differences to no avail. At issue is the Greek belief that Raytheon did not meet the requirements and specifications of the contract, to include timelines, while our understanding is that Raytheon believes it has addressed all issues in good faith and fixed any shortfalls with the system, and that Greece is pushing for more than what the original contract stipulated.)

16. (C) COMMENT: The transaction between Raytheon and the Greek government was a direct commercial sale, not FMS. While official U.S. options are limited, this major, Minister-level snag in the Peace Xenia III F-16 program combined with the political pressure from Greece's European partners to buy the Eurofighter may not help the case of U.S. firms over the course of the year as Greece formulates its procurement decision. . However, since the Peace Xenia IV aircraft have the APSIS II included in the FMS procurement, this could be merely an excuse if Greece succumbs to pressure to buy the more expensive Eurofighter. END COMMENT.  
Speckhard